

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6591

BILL NUMBER: HB 1671

NOTE PREPARED: Feb 27, 2003

BILL AMENDED: Feb 27, 2003

SUBJECT: Environmental rulemaking and IDEM Fee Increases.

FIRST AUTHOR: Rep. Cherry

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill prohibits the Air Pollution Control Board, Water Pollution Control Board, and Solid Waste Management Board from adopting rules and standards that are more stringent than corresponding federal provisions established under federal law unless authorized to do so by the General Assembly. The bill increases certain fees collected by the Department of Environmental Management. It provides that certain fee increases do not apply to state and local units of government. The bill also prohibits an applicant from receiving a refund of a permit application fee if the permit application concerned the renewal of a permit.

Effective Date: (Revised) July 1, 2003; January 1, 2004; January 1, 2005.

Explanation of State Expenditures: (Revised) *Rules Adopted by the Environmental Rulemaking Boards (ERBs).* The proposal could affect state and local expenditures to the extent that it may prohibit the imposition of rules that could either save or require additional spending by state and local governments. (The proposal does provide, however, that the ERBs could adopt such rules if authorized to do so by the General Assembly.) The impact is indeterminable and would depend on the nature and number of rules affected by the proposal. The expenses of the Air Pollution Control Board, Water Pollution Control Board, and Solid Waste Management Board for 2001 equaled \$42,722 with an estimated \$18,747 paid from dedicated funds.

Refund of Permit Application Fees for Renewals. HEA 1329-2002 allowed an applicant for a renewal of an administratively extended permit to proceed with remedies available to applicants for new and modifications to a permit, including a refund of the application fee.

IDEM administratively extended a permit if the renewal application was submitted within the specified

number of days (as outlined in statute or administrative rules) prior to expiration of the existing permit and if IDEM failed to issue the renewal prior to the expiration of the existing permit. An applicant must submit a renewal application at least 180 days prior to expiration for wastewater discharge and 120 days (60 for waste tire processing) prior to expiration for solid waste. For hazardous waste, a renewal application must be submitted within the time specified prior to expiration (180 days for a hazardous waste landfill or incinerator). A facility with an administratively extended permit can continue operating under their existing permit.

IDEM has administratively extended permits in the NPDES (wastewater discharge) program, solid waste program, and hazardous waste program.

As of March 28, 2002, approximately 112 administratively extended NPDES permit renewals were pending. The application fee for an NPDES permit renewal is \$50. If all eligible applicants proceeded with the remedy provided by HEA 1329-2002, the revenue loss to the NPDES account of the Environmental Management Permit Operation Fund would be approximately \$5,600.

For solid waste, 29 facilities were operating with administratively extended permits pending. Application fees ranged from \$2,200 to \$15,350, depending on the type of facility. If all eligible applicants requested refunds of their renewal application fees, the revenue loss to the solid waste account of the Environmental Management Permit Operation Fund would be approximately \$269,850.

For hazardous waste, eight facilities had administratively extended permits pending. Application fees ranged from \$17,200 to \$34,000, depending on the type of facility. If all eligible applicants requested refunds of their renewal application fees, the revenue loss to the hazardous waste account of the Environmental Management Permit Operation Fund would be approximately \$175,700.

The proposal allows applicants to submit a draft permit or hire an applicant to submit a draft permit, but removes the provision for refund of renewal application fees. No applicant has requested a refund of the application fee for renewal of an administratively extended permit. However, the “snapshot” of the situation when HEA1329-2002 went into effect suggests a potential expenditure of around \$451,150 (\$5,600 + \$269,850 + \$175,700) for refunds.

The proposal has the potential to save approximately \$451,150 in refunds which would be paid from the Environmental Management Permit Operation Fund. This fund is used for permitting and compliance activities of the respective programs.

Explanation of State Revenues: (Revised) *Fee Increases for the Department of Environmental Management (IDEM).* This bill increases by 10% certain fees collected by the IDEM. Local and state governments must pay 91% of the 10% increase, which would equal current fees. The estimated impact on fees is outlined in the table below.

Program	Effective Date	Current Revenue	Projected Annual Revenue	Est. New Annual Revenue	Fiscal Year	New Revenue
10% Increase in NPDES*,Solid Waste, & Hazardous Waste Permit Application Fee** & Annual Fee	1/1/05	\$7.3 M	\$7.7 M	\$444,090	03/04	\$0
					04/05	\$222,045
					05/06	\$444,090
Annual Increase in Solid Waste Disposal Fees (\$0.10 to \$0.20 /ton for disposal in landfills and \$0.05 to \$0.10 /ton for disposal in an incinerator)	1/1/05	\$995,580 (6-year average)	\$1,991,160	\$995,580	03/04	\$0
					04/05	\$497,790
					05/06	\$995,580
New Annual Fee of \$300 for Hazardous Waste Small Quantity Generators	1/1/05	\$0	\$516,900	\$516,900	03/04	\$0
					04/05	\$258,450
					05/06	\$516,900
New \$200 Annual Storm Water Fee Plus \$100 Increase in Existing Annual Fees	1/1/04	\$104,800 (Currently goes to Department of Natural Resources)	\$212,400	\$107,600	03/04	\$53,800
					04/05	\$107,600
					05/06	\$107,600
Increased Permit Fee (\$50 to \$300) and Increased Annual Fee (\$100 to \$300) for Industrial Activity	1/1/04	\$164,050	\$503,700	\$339,650	03/04	\$169,825
					04/05	\$339,650
					05/06	\$339,650
New \$500 Annual Fee for General NPDES Not Otherwise Covered	1/1/05	\$0	\$89,000	\$89,000	03/04	\$0
					04/05	\$44,500
					05/06	\$89,000
Total				\$2,492,820	03/04	\$223,625
					04/05	\$1,470,035
					05/06	\$2,492,820
*wastewater discharge **Permit Application Fees have been averaged over the five-year life of the permit						

Revenue generated by these fees are deposited into the Environmental Management Permit Operation Fund, a dedicated fund used for permitting and related activities.

Explanation of Local Expenditures: *Rules Adopted by the Environmental Rulemaking Boards (ERBs).* See

State Expenditures above.

Explanation of Local Revenues:

State Agencies Affected: Department of Environmental Management and ERBs

Local Agencies Affected: Potentially all local units of government.

Information Sources: Board expenses provided by IDEM.

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